

NORTH VIETNAM: CURRENT EVALUATION OF
ANTHRACITE COAL EXPORTS

The Export Problem

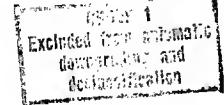
U.S. airstrikes, carried out on Cam Pha in April 1966, caused very significant damage to the coal washing and grading plant at that port city. Virtually all of North Vietnam's anthracite exports are seaborne, and 90 percent of these normally flowed through the Cam Pha facilities. As a result of the strikes, seaborne exports, which averaged 127,000 tons a month in the first quarter of 1966, were cut to only 42,500 tons by June, even though coal processing facilities at Hon Gay, the location of the only other plant processing exports, have been used much more intensively. Hon Gay's capacity is severely limited by the shallow draft of its harbor. (See Table 1).

North Vietnam has attempted to maintain anthracite exports to Japan by virtually eliminating shipments to other consumers, particularly to Communist China. Even so, shipments to Japan have been erratic and well below the monthly average of 1965. (See Table 2). 25X1

Also, aerial photography of Cam Pha taken in June 1966 showed that the plant may be in partial operation, but there were no signs of repairs being made to the extensively damaged parts of the facility. Hence, the quality of North Vietnamese anthracite has probably declined as stocks of washed and graded coal have dwindled toward exhaustion.

Alternate Sources of Anthracite for Japan

When properly processed, North Vietnam's anthracite meets the highest standards of quality in terms of heat value and low ash content. Much of the current export no longer meets these standards, and presumably would not in the future if the Cam Pha facility were to be kept neutralized. Alternate sources of high quality anthracite exist however, including South Africa, the United States, and the Soviet Union. North Vietnam traditionally is a favored source by Japan in part because of low shipping costs. In 1965, nine countries shipped significant quantities of anthracite to Japan, with North Vietnam accounting for about 37 percent of the total. (See Table 3). If Japan were to meet her import requirements entirely from suppliers other than North Vietnam, an increase in shipping costs would result. We have been unable to quantify the precise cost differential to Japan, but it could run \$5 a ton or more.



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Foreign Exchange Earnings from Anthracite Exports

In 1965, North Vietnam earned about \$6 million from its shipments of anthracite to Japan, and about \$1.3 million from other Free World sales, largely made to France. In 1966, earnings from anthracite exports to hard currency nations, will run between \$3 and \$4 million, and most of this will be from Japan.

North Vietnam uses its hard currency earnings to import capital and consumer goods. Our information on these shipments is relatively firm

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[redacted] Chemicals, foodstuffs and machinery and equipment are the largest three categories from a dollar value standpoint.

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Table 1

North Vietnam: Seaborne Exports of Anthracite Coal by Port a/

	<u>Thousand Metric Tons</u>				
	<u>Monthly Average</u>				
	<u>1965</u>	<u>First Quarter 1966</u>	<u>April</u>	<u>May</u>	<u>June</u>
Total	<u>95.8</u>	<u>127.1</u>	<u>82.9</u>	<u>56.6</u>	<u>42.5</u>
Cam Pha	86.1	118.0	72.3	36.7	26.3
Hon Gai	9.7	9.1	10.6	19.9	15.7

a. Except for a very small quantity shipped by rail to Communist China, all of North Vietnam's exports of anthracite are seaborne.

Table 2

North Vietnam: Seaborne Exports of Anthracite Coal by Destination

	<u>Thousand Metric Tons</u>				
<u>Importing Country</u>	<u>1965</u>	<u>First Quarter 1966</u>	<u>April</u>	<u>May</u>	<u>June</u>
Total	<u>1,150.1</u>	<u>381.3</u>	<u>82.9</u>	<u>56.6</u>	<u>42.5</u>
Communist China	495.1	256.0	55.1	12.0	3.7
Japan	443.1	74.5	19.5	24.9	30.8
Other	211.9	50.8	8.3	19.7	3.0

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Table 3

Japan: Sources of Anthracite Coal Imports in 1965 a/

<u>Supplier</u>	<u>Percentage of Total</u>
North Vietnam	36.7
South Korea	18.5
South Africa	15.6
Canada	10.5
Communist China	9.9
USSR	5.4
Australia	1.4
North Korea	1.2
Other	0.7
Total	100.0 b/

- a. Total volume of imports of anthracite: 1,165,000 metric tons.
- b. Components do not add to total because of rounding.

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